Annual Report

for

2006

Nova Scotia Real Estate Commission

2007
Annual General Meeting

March 22, 2007

Notice of Annual General Meeting

for the

Nova Scotia Real Estate Commission

Auditorium, 7 Scarfe Court, Burnside, NS

Thursday, March 22, 2007

1:00 - 2:30 PM

AGENDA

Chairman - Neil Black

1. Call to Order
2. Introduction of Head Table - Neil Black
3. Commission Chairman's Report - Neil Black
4. Finance & Recovery Fund - Howard Oakey
5. Licensing Committee - Valerie Folk
6. Complaint Review Committee - Howard Oakey
7. Discipline Committee - John MacKay
8. Review of the election procedures by the Registrar
9. Address by Nominees (*each will be allowed 2 minutes to speak*)
10. Election - first ballot
11. Open Forum - This will be an opportunity for Industry Members to ask questions for the Commission's comments or to bring forward items for the Commission to consider in their upcoming discussions.
12. Results of first ballot and start of second ballot if necessary
13. Further ballots if required
14. Adjournment

Nova Scotia Real Estate Commission

Shown below are the terms of the members of the Commission. All of the Commissioners serve for a three year term, regardless of whether they are appointed or elected. Each year one position in each of the three categories (Industry Member election, NSAR appointment, public appointment) comes due.

NSAR Appointments

Name	Term Expires	From	Brokerage
Charles Pace	April 30, 2007	Halifax	Harbourside Realty
Mary MacDonald	April 30, 2008	Liverpool	Walt MacDonald RE
John MacKay	April 30, 2009	Wolfville	MacKay Real Estate

Elected Commissioners

Valerie Folk	April 30, 2007	Bedford	Royal LePage Atl.
Eldon Chaisson	April 30, 2008	Halifax	RE/MAX Nova
Neil Black	April 30, 2009	Dartmouth	Aberdeen Comm.

Government Appointments

Gus Wedderburn	February, 2007	Halifax
Howard Oakey	October, 2008	Bedford
David Melvin	July, 2009	Dartmouth

Commission Staff

Cathy Campbell
Bookkeeper

Pamela Crane
Licensing Officer

Elaine Moulton
Administrator

Carolin Henderson
Compliance Auditor

Douglas Dixon
Registrar

Brad Chisholm
Compliance Officer

Commissioners

Neil Black
Chairman

Mary MacDonald
Licensing Committee

Howard Oakey
Vice-Chair
Complaint Review
Finance & Recovery Fund

Valerie Folk
Licensing Committee
Finance Committee

John MacKay
Discipline Committee

Eldon Chaisson
Complaint Review

Gus Wedderburn
Licensing Committee

David Melvin
Complaint Review

Charles Pace
Complaint Review

Doug Dixon
Registrar

Message from the Chairman

The Commission as of January 2007 reached its ten year anniversary. It is hard to believe that ten years have gone by since the Commission was created and the real estate industry in Nova Scotia became a fully self-regulated industry under the Real Estate Trading Act. The work of the Commission and the Provincial Real Estate Association has created a much more professional industry. In many respects, they are at the forefront of real estate practices in Canada. The Commission and the industry can be proud of their accomplishments.

During the year, a significant portion of the Commission's work deals with a wide variety of practice issues and administrative matters. These issues come forward from the public and Industry Members, or as a result of situations in which the Registrar and the Commission become involved.

The most significant issues in 2006 were:

- Agency and relationships in real estate
- New forms that deal with relationships
- Lawyers trading in real estate
- Rebates & Incentives
- Deposit release policy changes
- Incorporation of Salespeople

All of these issues are very important and have long lasting implications for consumers and their interaction with the real estate industry. You will find more detailed information on these issues later in this Annual Report.

The Commission operates on a very tight budget with a relatively small staff. This past year has seen a significant improvement in the Commission's finances. The interest on trust accounts has reached the highest level we have seen in six years and the return on investments in the Recovery Fund has seen a similar improvement. As a result, there were very few changes to licensing fees for 2007.

The liaison committee meetings between the Commission and the Association continue to provide a forum for discussion of a wide variety of issues and for each organization to better understand the other organization's point-of-view. The most significant issue for the two organizations this past year has been errors & omissions insurance.

I thank the current Commissioners and Committee members for their efforts throughout the year. Both the Commissioners and Committee members contribute many hundreds of volunteered hours which benefits all 1,700+ Industry Members in the province. We are fortunate to have so many willing volunteers that bring a wealth of experience and insight to the table on the many issues. I also thank the Registrar, Doug Dixon and the employees of the Nova Scotia Real Estate commission. The Commission's operations always run smoothly and professionally while providing information and services to both the public and industry members, as well as supporting the work of the Commissioners and Committees.

I strongly encourage you to attend the Annual General Meeting of the Commission, Thursday March 22nd at 1:00 PM, which will be held in the auditorium at 7 Scarfe Court. This is your opportunity to get an update on the Commission's work, to elect an Industry Member to the Commission and to provide feedback to the Commissioners. I hope you take the time to participate.

Neil Black

Chairman

Registrar's Report

This past January the Commission reached a milestone, ten years operating as the self regulatory body for the real estate industry in Nova Scotia. There are many accomplishments for the Commission to be proud of. Shown below are just a few of the most significant issues or accomplishments during this time.

- Establishment of an administrative structure to regulate the industry
- Setting of new, higher professional standards for the industry
- Creating minimum licensing education requirements and licensing courses
- Establishing continuing professional education as a licence renewal requirement
- Implementation of a very aggressive trust and brokerage audit program
- Being a resource for both the public and the industry
- Participating on a national and international level with other real estate regulators
- Creating a more balanced relationship between consumers and the industry
- Operating as a very cost effective and responsible regulatory body that does not burden the industry
- Being responsive to changes in industry practices and new business models

The Commission has also had the benefit of Commissioners that take an interest in the work of the Commission. Over ten years, there have only been three Commission Chairs. Most Commissioners serve two full terms, which leads to stability in having people that understand the issues and what has been decided in the past, which helps to deal with new or upcoming issues. The effort of Commissioners and volunteers goes by unnoticed by most people, but over time has had a major impact on the real estate industry in Nova Scotia.

I would like to take this opportunity to thank the staff of the Commission for their professionalism and their attention to detail. As Registrar, I often receive compliments from Industry Members and the public on how helpful a staff person was when they needed information or had a problem they were trying to resolve. The Commission has been fortunate to have a very stable staffing environment. Pam Crane, Licensing Officer, and Brad Chisholm, Compliance Officer, have both been with the Commission since it began over ten years ago. Elaine Moulton, Administrator, and Cathy Campbell, Bookkeeper, have both been with the Commission for over six years and Carolin Henderson, Compliance Auditor for three years now. A knowledgeable staff that take an interest in what they do makes a huge difference in the level of service provided.

In closing, please feel free to call the Commission office should you need information or have a problem involving a real estate transaction. The Commission staff is here to help. Also, if you are aware of a member of the public that is having or has had difficulties in their real estate dealings, please pass on the Commission's contact information if you feel the Commission can be of assistance.

Douglas Dixon
Registrar

Licensing Committee

Valerie Folk	Chairperson and Commissioner	Halifax
Mary MacDonald	Commissioner	Liverpool
Gus Wedderburn	Commissioner (Public Member)	Halifax
John Walker	Member	Halifax
Roger Burns	Member	Sydney
Chasity Chennel	Member	New Glasgow
Paula Pulling	Member	Bedford
Douglas Dixon	Registrar	
Pamela Crane	Licensing Officer	

I have enjoyed chairing the Licensing Committee for another year. This is my last year as my term as a Commissioner ends April 30th. This Committee performs a very important function that has long term impact on the real estate industry. The Licensing Committee is mandated to review the licensing decisions and recommendations of the Registrar, to research licensing issues and to make recommendations to the Commission on any issues concerning licensing and licensing education.

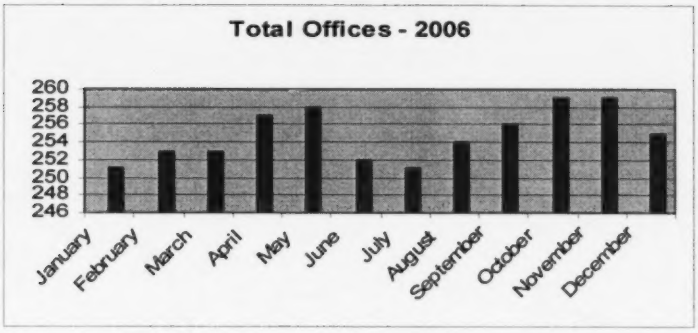
During the past year, the committee reviewed all exemptions to the licensing requirements and made decisions on exemption requests from applicants. The committee also reviewed any conditions the Registrar placed on Industry Members. The most common exemption request is for a waiver of the three years experience as a salesperson. This usually comes from people with direct sales/leasing experience or equivalent experience.

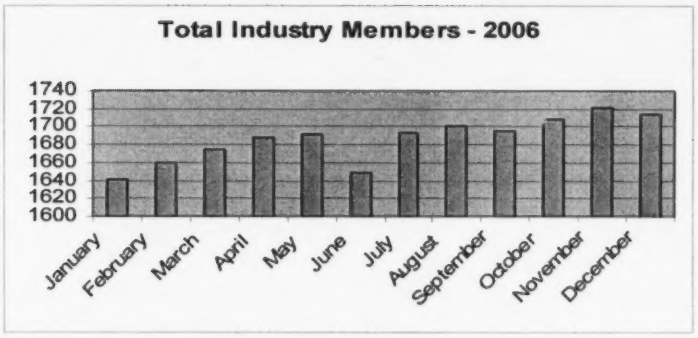
There were no major issues for the Licensing Committee this past year. The Mandatory Course for the 2006/2007 and 2007/2008 licensing cycles were set last year. This licensing cycle it is the two day Agency Fundamentals course and next year it will be a one day course on then new agency relationships. The Commission also required all Industry Members to complete a four hour New Forms Information Session. As a result, there was not a large need for electives this year or next. The Director of Education for NSAR kept the Committee informed on the refining of the Salesperson Licensing Course, as well as the progress being made on the development of a completely new Broker Licensing Course. The new course will move from 36 hours to 90 hours, with 30 hours of online work to be completed in preparation for a 60 hour classroom course. It is expected to be ready by May/June of 2007.

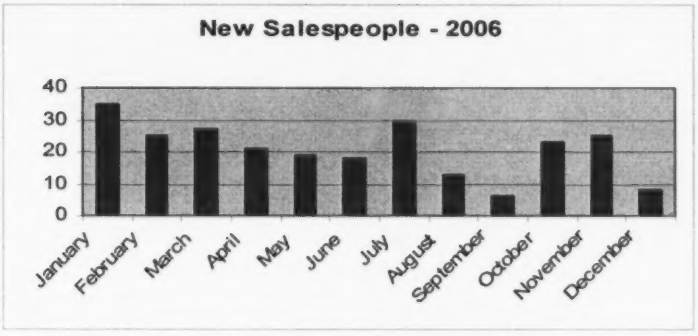
I would ask that any Industry Members with suggestions or concerns related to licensing issues forward them to the Commission for discussion and consideration. In closing, I want to thank the members of the Committee for their efforts and many hours spent working on behalf of the Commission.

Valerie Folk
Chairperson

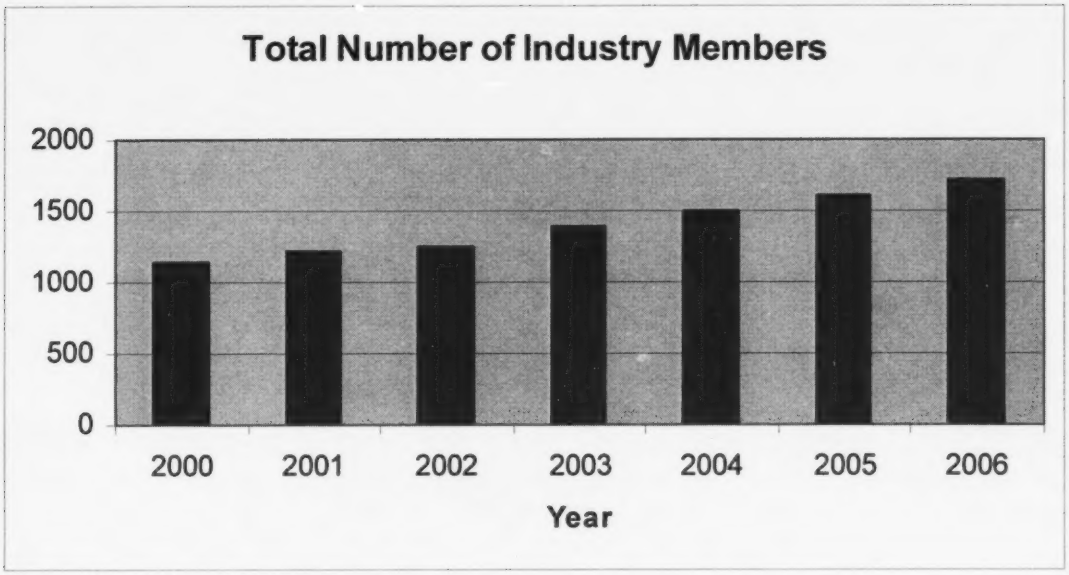
Licensing Statistics - 2006

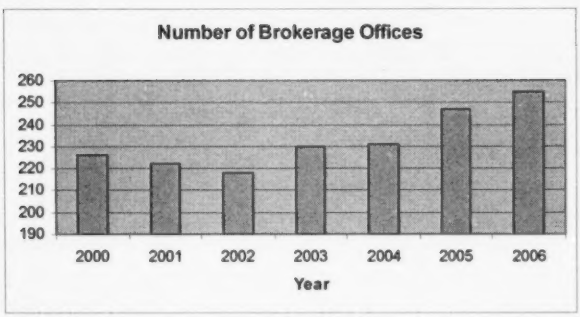


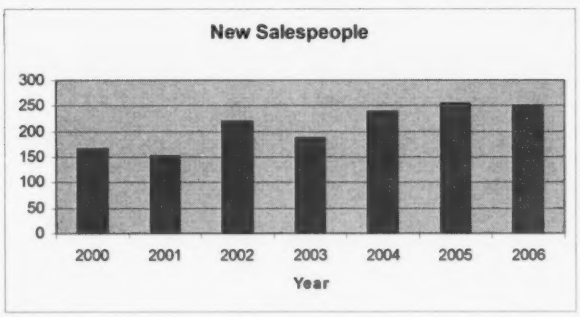


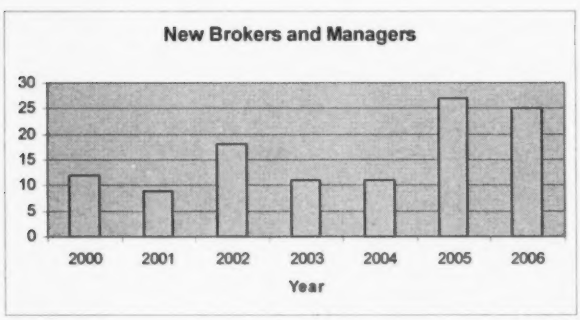


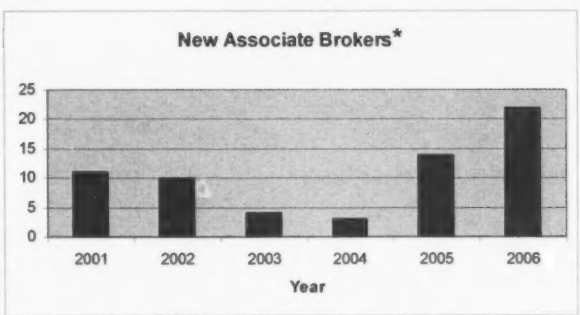
Licensing Statistics - Year to Year Comparison











* Please note, there was not an Associate Broker licence category prior to 2001.

Complaint Review Committee

Howard Oakey	Chairperson - Commissioner	Bedford
Eldon Chaisson	Commissioner	Halifax
David Melvin	Commissioner	Dartmouth
Charles Pace	Commissioner	Halifax
Jim Woods	Member	New Glasgow
Lynn Hoffmann	Member	Kentville
Gordon Burns	Member	Dartmouth
Robert Goguen	Member	Bedford
Douglas Dixon	Registrar	
Brad Chisholm	Compliance Officer	

I am pleased to report the number of complaints dealt with by the Commission in 2006 ties with the lowest in the Commission's ten years. The other year was 2004. Shown on the following pages are statistics showing where complaints have come from, the types of complaints made and the disposition of the complaints. Two cases have been referred to Discipline for a hearing.

The most common issue that is at the core of many of the complaints continues to be related to poor communications. Most often it is a lack of communication that prevents a client or customer from being fully informed before they make a decision or take action or, in some cases, inappropriate communications. Industry Members are required to keep their clients fully informed of all facts that the Industry Member is aware of, including full disclosure of latent defects. Alternatively, Industry Members should not communicate information that they have not been authorized to pass on or communicate to parties they are not permitted to deal directly with, such as clients under contract with another brokerage.

The Complaint Review Committee met four times during 2006 to review all matters relative to complaints investigated by the Commission staff. The mandate of this committee is to review all proposed Settlement Agreements and any requests for a review, by a member of the public, of a decision of the Registrar. In practice, the Committee reviews all complaints, whether they are dismissed, dealt with through a Settlement Agreement or being sent on for a Discipline Hearing.

The Committee can approve the decision of the Registrar to dismiss a complaint or to have it dealt with through a Settlement Agreement. The Committee can also reverse or alter the decision of the Registrar by altering the terms of the Settlement Agreement, not allow a complaint to be dismissed or send a matter on to the Discipline Committee. There have only been approximately ten instances, out of over 440 investigations since the Commission began, where the Committee has changed a decision of the Registrar. Of these, seven had the penalties increased and three had them decreased.

The Committee, on average, reviews 10-15 complaints at each quarterly meeting. This involves the Committee members, in advance of the meeting, reviewing a case summary of each complaint and discussing the case at the Committee meeting with staff. In unusual circumstances, or in situations that are new to the Commission, the Registrar may bring a case to the Committee for its opinion prior to proceeding further.

I would like to thank the committee members for their time and effort they have devoted to the work of the committee. The Complaint Review Committee meetings always involve lots of lively discussion and debate. The Commission takes its responsibilities seriously and makes every effort to be fair to consumers and balanced in its approach to Industry Members.

Howard Oakey
Chair

Audits & Investigations - Compliance Officer's Report

2006 – 10 Years of Real Progress

Audits

With having completed our second year of the new audit initiative, the overall results have been very good. Every brokerage is subject to an annual **trust account audit** by Commission audit staff. **Brokerage audits**, which incorporate a more detailed review of transaction file record keeping, are carried out on a three year cycle.

In 2006, 111 Brokerage audits and 99 Trust Account audits were conducted. The results of these audits can be broken into the following categories:

Good	107	Closing Out Audits	8
Very Good	23	No Activity	32
Need Improvement	41	Total Audits	211

Commission audits are used as an educational vehicle to increase broker awareness of deficiencies in record keeping with the overall goal of protecting the public interest. The audits also provided the Commission with useful feedback to identify problem trends in the industry that could then be addressed through continuing education courses and province wide industry bulletins.

Brokers should note that if audit findings demonstrate a consistent failure to comply with trust account and record keeping requirements, serious discipline action may result. The Commission's policy as to what constitutes "consistent failure to comply" is when material compliance violations are identified in each of three (3) consecutive audits. A small number of brokers were charged on these grounds in 2006. The standard penalty starts at a $500.00 fine but can lead up to significant fines and/or license termination.

Investigations

The number of complaints received during 2006 was down slightly compared to that of 2005. The number of investigations initiated was also down slightly. The number of investigations involving charges was also lower in 2006 compared to 2005 results. Some charges laid in 2006 corresponded to 2005 investigations, still ongoing at the beginning of 2006.

At the beginning of 2006, 14 investigations from 2005 were outstanding. During 2006, the Commission received 33 real estate complaints from public and industry member sources. From the 33 complaints received, 27 investigations were initiated.

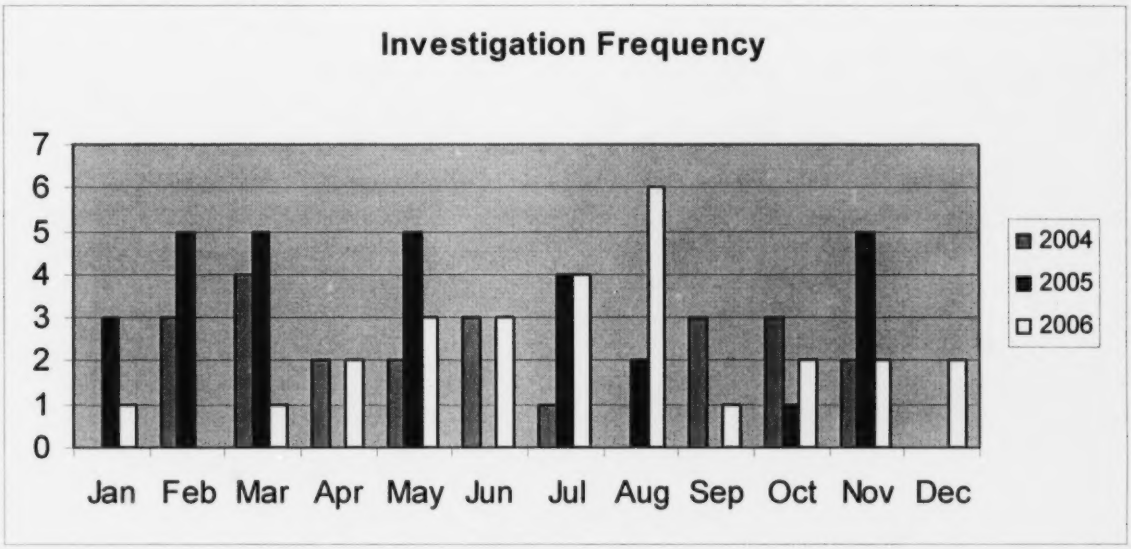
Of the 14 cases from 2005, 13 were closed during 2006 and 18 investigations initiated in 2006 were closed by year-end leaving 10 outstanding.

ORIGIN

In 2006, 25 investigations were initiated through written public complaints and 2 were initiated as a result of complaints from industry members.

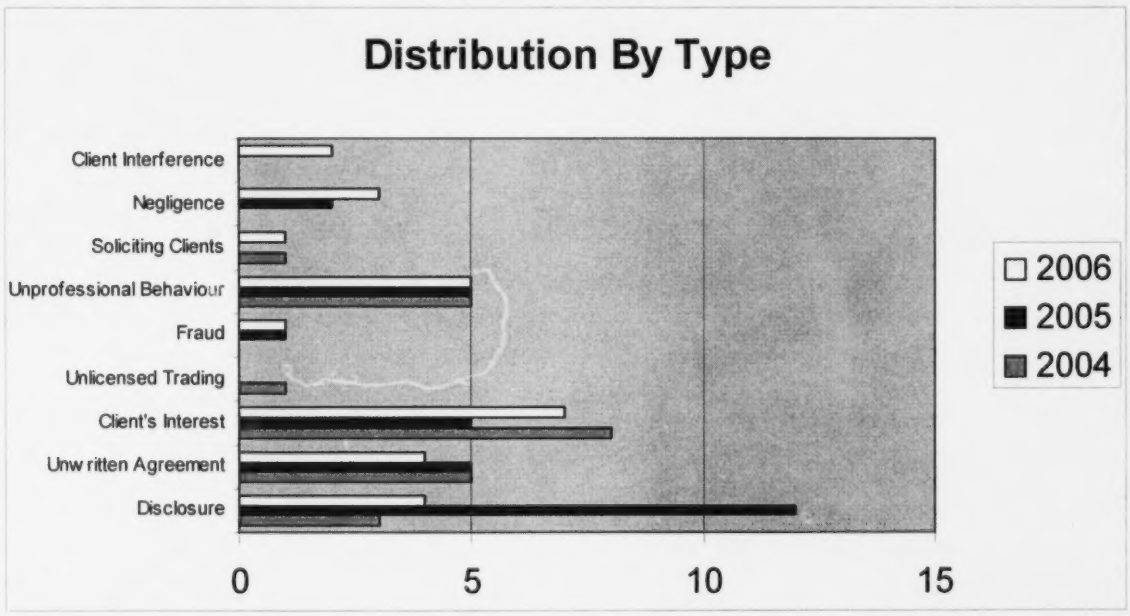
FREQUENCY

The chart below summarizes comparative figures for the total number of investigations initiated each month.



DISTRIBUTION

This chart summarizes the distribution of the 27 investigations initiated in 2006 by type. Comparative figures are also shown for 2005 and 2004.

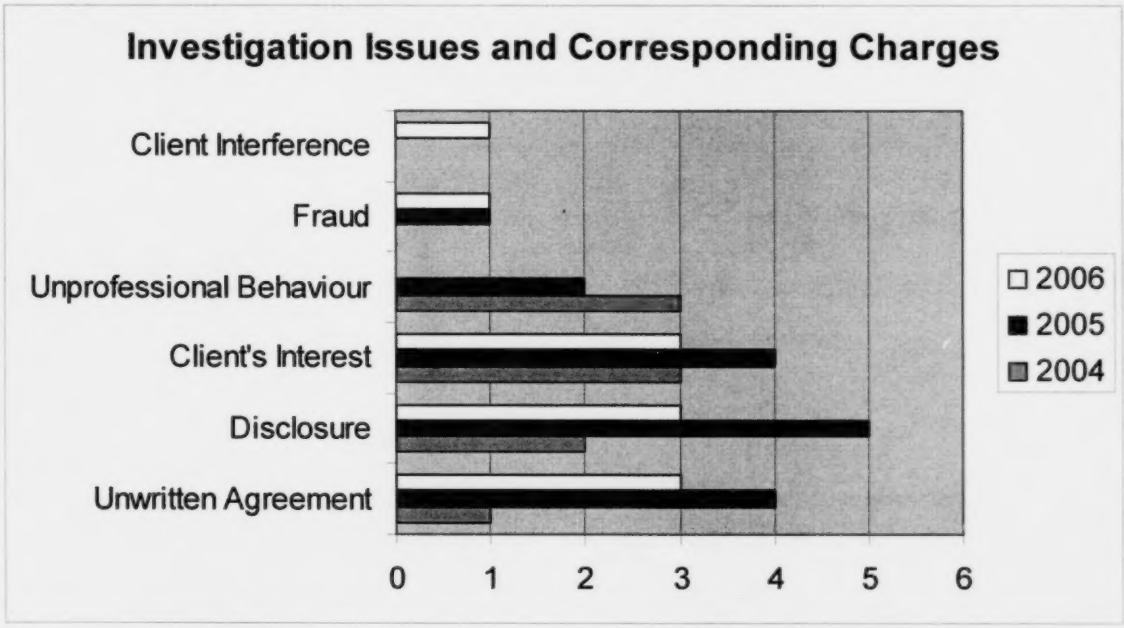


EXAMPLES:

- Negligence – Incomplete or improperly completed real estate forms, showing a property without authorization
- Soliciting Clients - Knowingly soliciting another Industry Member's client
- Deposit Dispute – Failing to obtain a buyer's deposit as per the agreement of purchase and sale
- Unprofessional behaviour – Failing to cooperate with other Industry Members, yelling at clients/ customers
- Miscellaneous – Failing to respond to a real estate complaint within the designated time period set by the Compliance Officer
- Unlicensed Trading – Marketing property without a license, unlicensed brokerage employee trading
- Client's Interest – Failing to follow up with a client before financing/inspection deadlines expire
- Unwritten Agreement - Not obtaining written and signed extensions/amendments
- Disclosure – Failure to disclose septic problems, failing to verify listing information
- Advertisement – Misleading advertising, failure to include full brokerage name in an advertisement
- Fraud – Misappropriation of trust funds
- Public Discredit – Making derogatory remarks about another Industry Member
- Commission Dispute – Misinforming listing clients as to commission payable

CHARGES

Of the 31 investigations closed during 2006, 11 resulted in formal charges. The following chart summarizes the distribution of charges laid in 2006 according to type. Comparable figures are also shown for years 2005 and 2004.

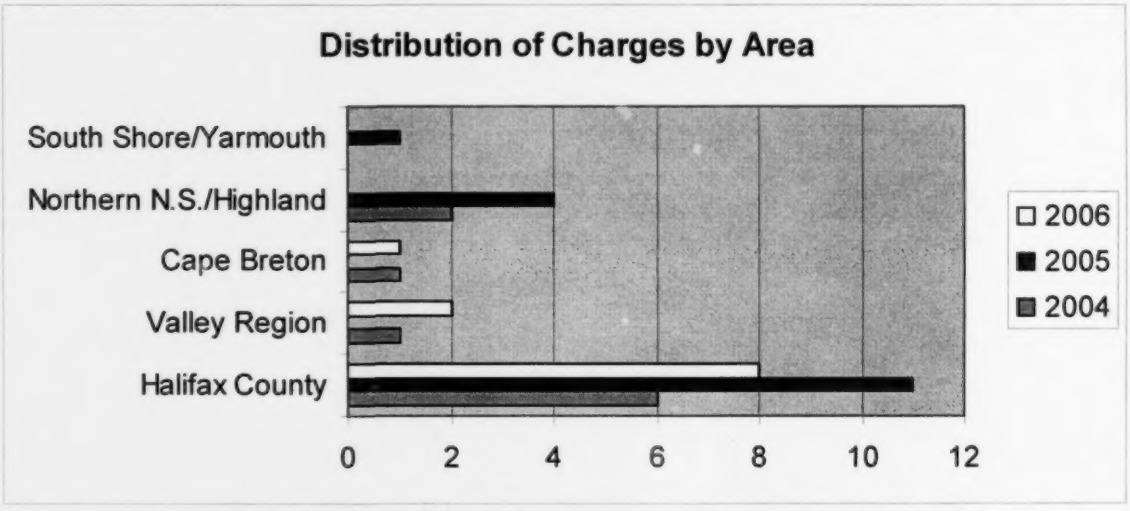


EXAMPLE OF PENALTIES LEVIED THROUGH SETTLEMENT AGREEMENTS

TYPE	PENALTY (FOR FIRST TIME OFFENCES)[1]
Unprofessional Conduct	$400 fine & Reprimand
Client's Interest	$500 fine
Disclosure	$500 fine
Unwritten Agreement	$400 fine & course requirement
Negligence	$500 fine & Reprimand
Deposit Dispute	$500 fine & Reprimand
	PENALTY (FOR REPEAT OFFENCE)
Unwritten Agreement	$500 - 1,000 fine
Client's Interest	$500 – 1,000 fine
Disclosure	$1,000 fine

PROVINCIAL SUMMARY

The following chart presents the distribution of 2006 charges by area. Figures for 2005 and 2004 are also provided for comparison purposes.



[1] All fines are allocated for educational purposes

Avoid Unnecessary Problems

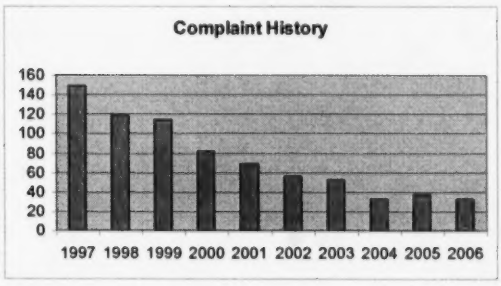
The following are typical examples of compliance issues that are regularly identified as a result of public and Industry Member complaints. It cannot be emphasized enough that the following situations are commonly grounds for disciplinary action.

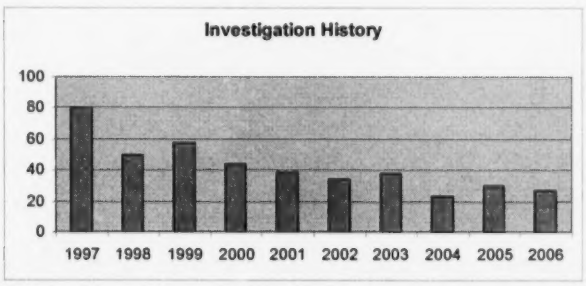
- Unwritten extensions and/or amendments to real estate agreements (Commission by-law 702, Article 11)
- Failing to disclose a multiple offer situation to another Industry Member (Commission by-law 702, Article 12)
- Unwritten agency disclosure to clients/customers (Commission by-law 702, Article 3)
- Advertising that is misleading to the public (Commission by-law 708(a)(iii))
- Failing to cooperate with a Commission investigation (Trading Act Section 17 (4) and Commission by-law 810)
- Publicly discrediting a fellow Industry Member (Commission by-law 702, Article 26)
- Failing to discover and disclose pertinent facts about properties (Commission by-law 702, Article 10)
- Real Estate forms not completed properly (Commission by-law 702, Article 2)
- Showing a property without authorization (Real Estate Trading Act Section 22 (1) (a))

Remember

It is Commission's policy that when an investigation of a transaction(s) is initiated, either from a specific complaint or at the discretion of the Registrar, the transaction(s) is reviewed from beginning to end. This includes a review of all agreements/documents connected to the transaction(s). Brokers can be charged for not properly supervising agreement preparation by Industry Members as well as improper trust fund handling. Typical penalties against brokers are fines and in some cases the requirement for the broker to re-complete the broker/associate broker licensing course and to pass the exam.

The best remedy for avoiding fines and course requirements on document preparation is prevention. Make sure agreements are signed and initialed by all parties, use proper forms and never rely on verbal agreements.





Trade Practices - Recurring Problems

Inappropriate Dual Agency Relationships

The Commission regularly deals with situations where there has been improper use of limited dual agency. There are two main situations where limited dual agency is never appropriate.

- **Representing a builder/developer** – When a brokerage/Industry Member represents a builder for numerous units or a developer on a large project, such as condominiums, it is impossible for the brokerage and its representatives to be perceived to represent a buyer, interested in those listings, in an unbiased way. There would always be a concern that the brokerage is more interested in their long term relationship with the seller, than a single sale with a buyer. Should a dispute or problem surface, this will be one of the first issues raised by the buyer.
- **Representing an Associate** – Whenever an Industry Member represents a buyer or a seller who is an associate, according to the Real Estate Trading Act, and the other party is also working with the brokerage, a limited dual agency relationship cannot be entered into. The Act describes an associate as any person that is directly connected to an Industry Member, such as a business partner, staff person, or direct relative such as spouse, mother, father, brother, sister, or son/daughter. Once again, if there was ever a problem with the transaction most people would find it hard to believe that an Industry Member in that situation could remain completely unbiased.

In both of these situations the other party should be treated as a customer and the brokerage/Industry Member would represent the party, in a sole agency relationship, that they have a close relationship with.

Cooperation and Courtesy

An ongoing problem, created by a small number of Industry Members, is the lack of professionalism regarding some very simple practices. The most common ones are:

- Calling back listing agents after showings
- Proper and timely delivery of offers, counters and other documents as a transaction progresses – meeting deadlines and getting written extensions when appropriate
- Keeping the other side in a transaction informed as to the status of conditions in a transaction
- Giving adequate/reasonable notice when requesting appointments
- Showing up on time for appointments and calling if there is a delay or cancellation

These simple courtesies do not require a large effort. They help to keep fellow Industry Members informed, keeps the industry respectable in the eyes of buyers and sellers, and they are **the professional things to do!**

Discipline Committee

John MacKay	Chairperson - Commissioner	Wolfville
Brian Hirtle	Member	Kentville
Don Clark	Member	Dartmouth
Mark Stein	Member	Halifax
Clark Woods	Member	Truro
Roger Burns	Member	Sydney
Douglas Dixon	Registrar	

Hearing Panel Pool

Wayne Sanford	Kentville
Alan Hennigar	Halifax
Sandra Richards	Bridgewater
Carol Alexander	Bridgewater

There was only one hearing held in 2006. There are several outstanding issues that are expected to result in hearings in the early part of 2007.

The main reason there are very few hearings is because the majority of Industry Members charged with breaches of the Act or Commission By-law choose to go through the Settlement Agreement process. For most infractions, this is the best way to resolve the issue, from both the Industry Member's and the Commission's point-of-view.

I wish to thank the committee members for serving on this committee.

John MacKay
Chairperson

Commercial Committee

John Walker	Chair - Commercial Appointment	Halifax
Neil Black	Commissioner	Dartmouth
Eldon Chaisson	Commissioner	Dartmouth
Bill Greenwood	Member	Halifax
Tim Margolian	Member	Halifax
Greg Taylor	Member	Halifax
Roger O'Neil	Member	Halifax
Douglas Dixon	Registrar	
Brad Chisholm	Compliance Officer	

This is my third year chairing the Commercial Committee, and it is always interesting to sit at the Commission Board of Directors meetings and see the wide variety of issues that must be dealt with.

It has not been a busy year for the Commercial Committee. Discussions continued on practice issues, such as forms, agency disclosure and audit procedures. Ongoing discussions took place as to Errors & Omissions Insurance with its impact on commercial Industry Members since many commercial people are not members of NSAR. The Commission is in discussions with the Nova Scotia Association of REALTORS® and the insurance provider. It is hoped that this issue can be resolved in the next few months and that coverage will be available to non-members through the Association program in time for licence renewals this July 1st.

Industry Members involved in commercial transactions are asked to send any concerns or issues they may have to the Commission or to any members of the Committee. The Committee would like to be pro-active on issues concerning the commercial community.

John Walker
Chairperson

Commercial Appointment to the Commission
John Walker
GWL Realty Advisors Inc. – Halifax

John was appointed by the Commission Board of Directors, in May 2004, to represent commercial practitioners at the Commission table. He was reappointed February 2006 to serve until April 30, 2007.

By-Law Changes

Effective January 2007, the Commission has made several changes to the Commission By-Law. They vary from updating information to significant practice or policy changes. The revised By-Law was distributed this winter. The significant items are noted below.

- **Licence Fees** – Several licence fees were increased a small amount. This includes Licence Renewal in all categories, Brokerage Audit fees, Exam Review and Reinstatement of Licence.

- **Listings and Material Latent Defects** – Article 10 of Conduct & Trade Practices was revised to include the word "material" when referring to latent defects. The Article was also changed to require written disclosure whenever possible. (see article on page 19)

- **Release of Trust Deposits** –The By-Law has been revised to allow a broker greater flexibility when the conditions of an agreement have been met and a seller refuses to release the deposit to the buyer, as per the terms of the agreement. (see article on page 20)

- **Incorporation of New Mandatory Forms** – As a result of recommendations from the National Agency Task Force Report, five new forms have been implemented. Two of them replace current Mandatory Forms, two create new Mandatory Forms to replace those currently used by industry, and the last one is new to the industry. The Vacant Land Purchase and Sale Ageement was also split and a second agreement created so that urban and rural situations could be dealt with differently.

    - From 500 – Seller Brokerage Agreement – replaces Authority to Sell
    - Form 140 – Limited Dual Agency – replaces old version
    - Form 128 – Buyer Brokerage Agreement – replaces all former Buyer Agency Agreements
    - Form 129 – Fee Agreement and Seller/Customer Acknowledgement – replaces all former fee agreements
    - Form 130 – Buyer/Customer Status Acknowledgement – new form
    - Form 105 – Vacant Land Purchase & Sale Agreement - Urban
    - Form 106 – Vacant Land Purchase & Sale Agreement - Rural

The following By-law change will be distributed in May.

- **Errors & Omissions Insurance**– The Commission is in the final stages of approving By-Law changes to deal with requiring mandatory Errors & Omissions Insurance coverage. All Industry Members in Nova Scotia will be required to be covered under the REIA program through the Nova Scotia Association of REALTORS®. (see article on page 19)

All Industry Members should review the details of these By-Law changes and ask for clarification should there be any outstanding issues or confusion.

Errors & Omissions Insurance

The Nova Scotia Real Estate Commission continued to discuss and the issue of Errors & Omissions Insurance in 2006 with the Nova Scotia Association of REALTORS®. This has resulted in the Commission mandating that all Industry Members will be required to have Errors & Omissions Insurance in effect by July 1, 2007. The Commission felt this was an important issue in protecting the public in their dealings with industry members. The side benefit to industry members is that it will mean that claimants will no longer go after a brokerage, that was involved indirectly, simply because they have Errors & Omissions Insurance when the primary brokerage involved did not have insurance. It also means that a seller is protected if the seller's brokerage made a mistake while representing the seller.

The Commission has mandated that Industry Members will need to meet the following requirements:

(a) All Industry Members must subscribe to the REIA Errors & Omissions program, effective July 1st, 2007;
(b) The Errors & Omissions coverage must be kept in good standing by every Industry Member, which failing to do so will result in licence suspension until coverage is re-instated; and
(c) Industry Members will be required to complete risk reduction education sessions, from time-to-time, as part of Continuing Professional Education.

Additional information on the Commission's requirements and administrative details will be provided through Commission News Bulletins and also included with the annual licence renewal information that will be sent out in early May.

Material Latent Defects

There is often confusion around latent defects and material latent defects. They really are two different issues, depending on who you are representing.

Representing Sellers – Under the law, there is no obligation requiring a seller to disclose latent defects, unless it is a "material" latent defect. Material latent defects are ones that could not be discovered by ordinary inspection of a property and that are safety/health issues or would have a significant impact on the value of the property. Sellers, of course, cannot lie about latent defects that are not material, if asked about them or if they have completed a PCDS Form, as that would then lead to misrepresentation. Sellers must disclose any "material" latent defects.

Representing Buyers – The approach you are expected to take when representing buyers is quite different from that above. Your agency is with the buyer and you are required to disclose everything you know about a property's physical traits, as well as any circumstances surrounding or possibly involving the property. You are expected to pass on everything you know about the property to your buyer client and let them determine if it is important or not. You should also be counseling your buyer as to appropriate questions to ask sellers and to have covered off by clauses in P&S Agreements to best protect the buyer.

Release of Trust Deposits

The Commission has implemented a By-Law change (new 631) that will provide brokerages with greater flexibility in releasing deposits. The brokerage must be of the opinion that the terms of the agreement were met by the parties and the transaction has collapsed within the terms of one or more conditions in the agreement. Proper notices must have been given within the timeframes called for in the agreement. Some of the most common issues would be:

- Buyer unable to obtain financing
- Water test failed
- Buyer is not satisfied with the inspection
- Buyer unable to obtain insurance

1. **Unable to contact Seller** – In some situations, the brokerage has difficulty contacting the seller to obtain a deposit release. Sometimes it is communications problems, but in many cases the seller is unhappy with the transaction collapsing and simply wants to make it difficult for the buyer.

2. **Seller does not honour conditions** – Sometimes a deal collapses and the seller outright refuses to release the deposit even when any other person looking at the agreement and what had taken place would agree that the buyer is entitled to return of the deposit. An example would be when a buyer declares an agreement void based on an unsatisfactory inspection and notice was given within the required timeframe. The seller is upset with the report or the issues being raised as a result of the inspection and refuses to release the deposit.

Up until now, the only option available in these situations would be for the buyer to take the seller to Small Claims Court to force the release of the deposit. As a result of the By-Law change, in these types of situations, the brokerage can send formal written notice to the seller indicating the brokerage will release the deposit to the buyer if the seller does not provide the brokerage with written notice of legal proceedings being taken by the seller to either complete the transaction or force the buyer to forfeit the trust funds to the seller. In most of these cases, the seller is just being difficult and is not prepared to spend any money to take legal action. This By-Law change and the enclosed notice will allow brokerages to deal with these situations in a more timely manner. This should result in fewer unhappy buyers who feel like they are being held hostage by unreasonable sellers.

Brokers must always double-check the conditions of the agreement, to see that they were met, before exercising this option. Then the notice must be sent to the seller and the full 14 calendar days must be allowed before any further action is taken. If the brokerage does not receive notice of legal proceedings from the seller, then the brokerage may release the deposit to the buyer. Should the brokerage receive written notice of legal proceedings from the seller, then the deposit must remain in the trust account and By-Law 632 will apply. Should you have any questions or concerns when you are in one of these situations, please feel free to call the Commission office.

Agency Task Force Report Update

Here is a brief update on what is taking place in Nova Scotia as part of the adoption of the recommendations in the National Agency Task Force Report.

Agency Courses – The Mandatory Course for this year's licensing cycle (July 1, 06 to June 30, 07) is the two day Agency Fundamentals Course, which is designed to give industry members a better understanding of agency relationships as they exist under the common/agency law and the Commission's regulatory requirements.

The second phase of the agency courses will be offered starting in September 2007. This course will be a one day course for salespeople and is expected to be a one and a half day course for Brokers/Managers/ Associate Brokers. It will be the Mandatory Course for the 2007/2008 licensing cycle. The course will introduce designated agency and transaction brokerage.

New Forms – This fall a series of five new forms that focus on relationships were introduced and were made mandatory effective January 1, 2007. The feedback on these new forms has been very positive. The new forms are:

- Seller Brokerage Agreement
- Buyer Brokerage Agreement
- Limited Dual Agency Agreement
- Fee Agreement and Seller Customer Acknowledgement
- Buyer Customer Acknowledgement

Starting in the fall of 2007, there will be several additional new forms to be used by brokerages that decide to use the designated agency relationship model. These forms will be designed to specifically address designated agency. Most of the clauses will be the same as the new forms introduced in the fall of 2006, with the addition of clauses that address designated agency. These forms will be:

- Seller Designated Agency Brokerage Agreement (used to replace Seller Brokerage Agreement)
- Buyer Designated Brokerage Agreement (used to replace Buyer Brokerage Agreement)
- Transaction Brokerage Agreement (used to replace Limited Dual Agency Agreement)

Agency Rollout - The Commission and the Nova Scotia Association of REALTORS® have formed a committee to assist in the rolling out of designated agency. The Joint Implementation Committee is currently working on the many different issues related to the introduction of a new agency model. The committee's timeline runs from the Agency Fundamentals Course and the Introduction of New Forms through to the full implementation of designated agency and then follow up afterwards, taking in a five year timeframe. Industry Members will start to see information from this committee starting spring 2007.

To Do or Not To Do? – Designated agency will not replace the agency model used by all brokerages today. Every brokerage will have to look at their business model and decide if they wish to change over to designated agency or remain providing sole agency to sellers and buyers. The rollout mentioned above will include tools and information that will help brokerages make that decision.

Finance Committee

Howard Oakey	Chairperson and Commissioner	Bedford
Neil Black	Commissioner	Dartmouth
Valerie Folk	Commissioner	Halifax
Douglas Dixon	Registrar	

This past year has proved to be a significant turning point for the Commission on several fronts. Revenues for 2006 came in significantly over budgeted amounts and the implementation of a long term fiscal initiatives.

Revenue from licensing fees continued to be over budget, mainly due to a higher retention rate for salespeople and a higher number of new applicants. The Commission, in its 2006 budget, thought that there would be a leveling off as the market had cooled slightly, but the increase in Industry Members continued and current Industry Members have stayed on at the highest rates in the Commission's history. The single most significant overage in revenues was from the Interest on Trust Accounts, which was $50,000 over budget. This interest on trust accounts increased significantly as a result of higher interest rates in 2006. The investments on the Recovery Fund continued to improve as well. Another significant issue was the effect of the increased licensing fees over the last two years. Licensing fees are collected in June each year for a July 1 to June 30 licensing cycle. This requires the Commission to defer half of the renewal fees into the next fiscal year, as the Commission's financial year is January to December. This results in a delayed effect in that only fifty percent of an increase is available in the first year the increase is applied, so the full impact of the increase is not felt until the second year.

On the expense side, most items came in fairly close to budget. The bottom line for expenses indicates that actual expenses were approximately $16,000 under budget. The main items causing this were Computer Expenses, Hearing Costs, Legal Fees and Commission Meeting Expenses, which each came in $5-6,000 under budget. Out of Province Conferences was over budget as the Registrar was sent to two meetings not included in the original budget. One was to the Agency Course Focus Group and the other was to Competition Bureau meetings. The expenditure of $5,300 for the distribution of the updated Provincial Reference Manual was not spent as the update was not completed in 2006. This will take place in 2007.

There are two items that were new in the 2006 Budget, which have now been implemented. A deposit of $15,000 to the Recovery Fund was made and $30,000 was set aside to start an Operations Reserve Fund. These are both long term initiatives that will likely be included in budgets for the next ten years.

The Commission continues to operate on a very tight budget. The Commissioners review the financial statements on a regular basis throughout the year, focusing on any variances from the budget. Generally, there are no significant expenses above budget, without the approval of the Commissioners.

Included later in this report is the Commission's Finance Summary and notes, as well as the detailed Auditor's Report.

Howard Oakey
Chair

Recovery Fund

Howard Oakey	Chairperson and Commissioner	Bedford
Richard Miller	Member	Halifax
Dennis Richards	Member	Dartmouth
Douglas Dixon	Registrar	

There have not been any claims made against the Recovery Fund in 2006. The fees for the Recovery Fund will remain the same for 2007, as in 2006. Recovery Fund fees were eliminated for all licence renewals where the applicant has been in a licensing category for five years. Should an applicant change from Salesperson or Associate Broker to Broker or Managing Associate Broker, they will be required to pay the Recovery Fund fee for the new category for a period of five years.

The Recovery Fund portfolio, which consists of bonds and mutual funds, performed significantly better in 2006 than it did in the previous four years. This has been due to the overall investment improvements in the world economy. The Commission did not remove any funds this past year for any projects and in fact invested an additional $15,000 into the fund. The Fund balance, as of December 31, 2006, was $443,650, up from $404,416.

The Recovery Fund has provided funding to NSAR's Education Department. A grant of $25,000 was given to NSAR to offset course development costs for the previous year. The education grants from the Commission help keep licensing and continuing education costs reasonable for the people taking the courses.

The Recovery Fund was created to protect consumers when they suffer a financial loss due to fraud or breach of trust by an Industry Member. The Provincial Government has a regulation in place that requires the Commission to maintain a minimum balance of $300,000 in the Fund. Any monies in excess of that amount may be used for a variety of other purposes, such as public and professional education relating to the real estate industry, reform of the industry, promoting standardization and supporting just and desirable legislation affecting the industry.

Over the last sixteen years, the Recovery Fund has played a major role in funding many projects. Some of those projects include:

Grants supporting continuing education	$350,000
Subsidizing the development of the new SLC	$95,000
Grant towards new classroom facilities	$5,000
Distribution of R.E. Encyclopedias & Supp.	$27,000
Subsidizing Buyer/Seller booklets	$20,000
Standard Form exchange/update	$16,000
Development of Self Regulation	$250,000
Agency Task Force	$23,000
	$786,000

As you can see, the Recovery Fund has enabled many worthwhile projects to take place and the Fund is playing a very important role in supporting the advancement of professionalism, both with existing Industry Members and those entering the industry.

Howard Oakey
Chair

Financial Statements of

NOVA SCOTIA REAL ESTATE COMMISSION

December 31, 2006

Deloitte.

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Auditors' Report

To the Board of Directors of the
Nova Scotia Real Estate Commission

We have audited the balance sheet of the Nova Scotia Real Estate Commission as at December 31, 2006 and the statements of revenue and expenditures and net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
February 16, 2007

Member of
Deloitte Touche Tohmatsu

NOVA SCOTIA REAL ESTATE COMMISSTION

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NOVA SCOTIA REAL ESTATE COMMISSION

Balance Sheet

As at December 31, 2006

	2006	2005
ASSETS		
Current		
Cash	**$ 297,423**	$169,482
Restricted Cash	**4,233**	532
Accounts receivable	**1,654**	3,430
Accrued interest receivable	**670**	1,364
Due from Nova Scotia Association of Realtors	**10,672**	1,688
Prepaid expenses	**1,712**	2,697
Inventory - manuals	**4,178**	5,290
	320,542	184,483
Recovery fund investments (market value - $502,010; 2005 - $443,332)	**437,306**	400,645
Capital Assets (Note 3)	**44,357**	55,155
	$ 802,205	$ 640,283
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 12,358**	$ 61,287
Funds held in trust	**4,233**	532
Deferred revenue	**237,290**	176,845
	253,881	238,664
Deferred capital grants	**30,206**	39,173
	284,087	277,837
NET ASSETS		
Recovery Fund (Note 4) (Schedule 1)	**443,650**	404,416
General Fund (Note 4)	**74,468**	(41,970)
	518,118	362,446
	$ 802,205	$ 640,283

NOVA SCOTIA REAL ESTATE COMMISSION
Statement of Revenue and Expenditures and Net Assets
Year ended December 31, 2006

	2006	2005
Revenue		
Recovery Fund		
Assessment income	$ 76,713	$ 81,855
Investment income	36,153	28,729
	112,866	110,584
General Fund		
Administration fees	3,090	2,260
Amortization of deferred capital grant	8,967	8,967
Background checks	7,530	7,560
Brokerage manuals	2,925	4,165
Buyer/seller guides	314	721
Examination fees	33,200	34,875
Fines and penalties	6,600	8,300
IBTA interest	110,389	40,949
Investment income	6,743	2,479
Licensing fees	449,862	348,949
Reinstatement of license	11,380	9,540
Hearing cost recovery	904	-
	641,904	468,765
	754,770	579,349
Expenditures		
Accounting	9,878	6,613
Advertising	862	1,417
AGM and conference	3,218	1,449
Amortization	18,265	12,033
Bad debt	-	500
Bank service charges	15,936	14,361
Benefits	35,656	33,815
Buyer/seller guides	1,113	3,880
Car allowances	2,040	2,040
Computer	1,899	4,010
Conferences	24,183	22,900
Dues and subscriptions	6,071	4,634
Furniture and equipment	416	250
Hearing costs	6,672	12,849
Insurance	2,509	2,583
Legal	9,674	31,204
Maintenance	-	117
Miscellaneous	7,709	7,328
Office	2,902	3,566
Per diems	17,824	11,800
Photocopies	3,396	4,268
Postage and courier	8,223	10,856
Printing	3,138	4,116
Public Awarness Program	716	-
Rent, cleaning and utilities	59,053	52,454
Salaries	279,528	260,720
SPL and BM exams	6,626	6,275
Staff training	5,858	2,700
Staff travel	17,404	18,774
Taxes	2,562	3,001
Telecommunications	11,678	10,586
Grant to Education by Recovery Fund	25,000	25,000
Travel and meetings	5,792	8,683
Website maintenance	3,297	1,379
	599,098	586,161
Excess (deficiency) of revenue over expenditures	155,672	(6,812)
Net assets, beginning of year	362,446	369,258
Net assets, end of year	$ 518,118	$ 362,446

NOVA SCOTIA REAL ESTATE COMMISSION
Statement of Cash Flows
Year ended December 31, 2006

	2006	2005
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Operating		
Excess (deficiency) of revenue over expenditures	$ 155,672	$ (6,812)
Items not affecting cash		
Amortization of capital assets	18,265	12,033
Amortization of deferred capital grant	(8,967)	(8,967)
Changes in non-cash operating working capital items	10,800	60,221
	175,770	56,475
Investing		
Purchases (sale) of investments (net)	(36,661)	59,622
Purchase of capital assets	(7,467)	(14,218)
	(44,128)	45,404
NET CASH INFLOW	131,642	101,879
CASH POSITION, BEGINNING OF YEAR	170,014	68,135
CASH POSITION, END OF YEAR	$ 301,656	$ 170,014

NOVA SCOTIA REAL ESTATE COMMISSION
Notes to the Financial Statements
December 31, 2006

1. DESCRIPTION OF BUSINESS

The Nova Scotia Real Estate Commission was established by the Province of Nova Scotia Bill No.31 assented to December 20, 1996. Bill 31 is an Act to Provide for Regulation of Trading in Real Estate in Nova Scotia.

Included in these financial statements are the transactions of the Nova Scotia Real Estate Recovery Fund, which is administered and supervised by the Commission. The purpose of the Fund is to provide a self-insurance fund for licensed members in the Nova Scotia real estate industry within limits outlined in Note 5.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Cash

Cash is comprised of short-term amounts on deposit with financial institutions.

Capital assets

Capital assets are stated at cost and are being amortized on a straight-line basis at the following annual rates:

Furniture and equipment	10%
Computers	25%
Software	50%
Leasehold improvements	10%

Investments

Investments are recorded at cost unless there is a permanent decline in value at which time they are written down to market.

Amortization of grants from Recovery Fund

The grants were received from the Recovery Fund for the purchase of capital assets and are amortized to income on the same basis as the related capital assets.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant management estimates in these financial statements relate to amortization of capital assets. Actual results could differ from these estimates.

NOVA SCOTIA REAL ESTATE COMMISSION
Notes to the Financial Statements
December 31, 2006

3. ACCOUNTING POLICIES (continued)

Revenue

The Commission's revenue is derived primarily from the assessment of fees which are recognized on a straight line basis. Other revenues are recognized when persuasive evidence of an arrangement exists, service has occurred, the price to the buyer is fixed and collection is reasonably assured.

4. CAPITAL ASSETS

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers	$ 16,933	$ 5,780	$ 11,153	$ 11,734
Furniture and equipment	77,671	52,864	24,807	31,469
Color printer	8,263	8,263	-	-
Software	12,861	11,591	1,270	3,416
Leasehold improvements	14,092	6,965	7,127	8,536
	$ 129,820	$ 85,463	$ 44,357	$ 55,155

4. NET ASSETS

	General Fund	Recovery Fund	2006	2005
Balance, beginning of year	$ (41,970)	$ 404,416	$ 362,446	$ 369,258
Excess of revenue over expeditures	144,519	11,153	155,672	(6,812)
Transfer from general fund	(28,081)	28,081		
-				
Balance, end of year	$ 74,468	$ 443,650	$ 518,118	$ 362,446

5. NOVA SCOTIA REAL ESTATE RECOVERY FUND

The Recovery Fund exceeds the required minimum amount of $300,000 in cash and investments, and no longer carries insurance for indemnification purposes. Under the regulations, the maximum amount that may be paid from the Fund arising from a single real estate transaction is:

a) $25,000 to any claimant for a claim against a salesperson;

b) $50,000 to any claimant for a claim against a broker or manager; and

c) a total of $100,000 if there is more than one claim against a brokerage.

6. SHARED EXPENSES

The Commission occupies space in the Nova Scotia Association of Realtors building under a lease agreement between the Association and the Nova Scotia Real Estate Commission. The Commission is charged based upon space utilization. The Commission also shares the lease costs for the photocopier and fax machines, as well as other certain common expenditures that are prorated on a reasonable basis. These financial statements include only the portion allocated to the Commission.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of the Commission's financial instruments approximates fair value due to their short-term nature.

SCHEDULE 1

NOVA SCOTIA REAL ESTATE COMMISSION
Schedule of Recovery Fund Transactions
Year ended December 31, 2006

	2006	2005
Net assets beginning balance	$ 404,416	$ 613,361
Revenue	112,866	110,584
Grant to education fund	(25,000)	(25,000)
Transfer to (from) general fund for administration	28,081	(212,674)
Transfer to Commission - administration	(76,713)	(81,855)
Ending net assets	$ 443,650	$ 404,416

Finance Summary

2006 Actuals & 2007 Budget - NSREC

SOURCE OF FUNDS				
Budget Item	Notes	2006 Budget	2006 Actual	2007 Budget
Administration Fees		1,400	3,090	2,500
Assessment-Recov Fund	1	60,000	76,713	65,000
Backgound Check Fees	1	6,000	7,530	6,600
Branch Office Fees	2	6,328	10,727	10,250
Broker Fees-New	1	2,400	5,060	3,600
Broker Fees-Renewal		34,348	34,048	40,700
Brokerage Audit Fees	3	55,100	55,185	57,150
Brokerage Fees-New		3,000	3,600	3,000
Brokerage Fees-Renewal		34,710	34,410	40,700
Brokerage Manuals		2,625	2,925	3,000
Buyer-Seller Booklets		800	314	1,000
Canadian District of ARELLO Meetings		0	0	0
Exam Fees		30,000	31,500	28,500
Exam Review Fees	4	1,000	1,700	1,500
Fines/Penalties		8,000	6,600	8,000
Hearing Cost Recovery	5	10,000	904	3,000
Interest-IBTA	6	45,000	110,389	60,000
Interest Income-General	7	1,000	6,743	7,000
Interest-Recovery Fund	8	35,000	36,153	25,000
Managing AB Fees-New	1	1,100	2,810	2,200
Managing AB Fees-Renewal		5,248	5,648	6,790
Reinstatement of License	9	7,500	11,380	10,500
Salesperson/AB Fees-New	1	51,750	58,400	52,900
Salesperson/AB Fees-Renewal	1	222,098	239,974	283,675
Deferred Capitol Grant		8,000	8,967	9,000
Recovery Fund		0		
Recovery Fund - Grants to Education	10	25,000		25,000
Revenue Totals		**$657,407**	**$754,770**	**$756,565**

USE OF FUNDS				
Item	Budget Notes	2006 Budget	2006 Actual	2007 Budget
Accounting		8,000	9,878	11,000
Advertising		500	862	1,000
AGM & Conference	11	4,000	3,218	1,500
Background Checks	1	4,500	1,465	2,000
Bad Debts			0	0
Bank Charges		4,000	4,112	4,600
Investment Account Fees		12,000	11,824	12,000
Benefits - Government		20,085	19,615	20,500
Benefits - Health and Fitness		6,825	6,996	10,200
Benefits - RRSP Contribution		9,000	9,045	11,000
Canadian District of ARELLO Meeting			0	0
Car Allowance		2,040	2,040	2,280
Computer - Hardware and Software	12	6,000	872	6,000
Computer - Technical Support		1,500	1,027	1,500
Conferences (Out of Prov)	13	20,700	24,183	19,200
Cost of Brokerage Man Sold		420	748	600
Cost of Buyer-Seller Booklets		2,000	365	3,000
Depreciation	14		18,265	18,000
Dues, Subscriptions & Publications		4,200	6,071	6,000
Facility Rental		1,000	121	1,000
Furniture & Equipment		400	416	400
Hearing Costs	15	12,000	6,672	10,000
Insurance/Directors Liability		1,500	926	1,200
Insurance/Property		1,650	1,583	1,700
Internet Research Project			0	0
Legal	16	15,000	9,674	30,000
Maintenance		100	0	100
Miscellaneous	17	3,200	6,246	4,000
Office		3,000	2,781	3,000
Per Diem		19,800	17,824	19,800
Photocopies		5,000	3,396	5,000
Postage and Courier		9,000	8,223	9,000
Printing		4,500	3,139	4,500
Provincial Reference Manuals	18	5,300	0	6,000
Public Awareness Program		2,000	716	2,000
Recovery Fund - Investment		15,000	15,000	15,000
Rent, Cleaning, Utilities		58,100	59,053	61,000
Reserve - General Operations		30,000	30,000	30,000
Salaries	19	278,500	279,528	302,500
Salary Review		3,000	0	0
SPL & B/M Exams		5,800	6,626	6,000
Staff Training		5,000	5,858	5,000
Staff Travel		20,000	17,404	21,000
Taxes		3,150	2,562	2,700
Telecommunications		11,600	11,678	12,000
Transfer to Education		25,000	25,000	25,000
Travel & Meetings-Commission/Commi	20	11,000	5,792	10,000
Website Maintenance	21	2,000	3,297	7,000
Reprinting of Buyer / Seller Booklets	22	0		25,000
Expenditure Totals		**$657,370**	**$644,097**	**$750,280**
NET		**37**	**110,673**	**6,285**

***See notes on the next two pages.**

Overall, the Revenue/Expenses for 2006 look very good. Revenues were higher than projected, mostly due to higher numbers of new applicants and a higher industry retention rate. On the Expense side, most expenses came in at or below budget. All renewal licensing fees were increased as of July 1st 2006, but only half of that increase is reflected in the 2006 fiscal year. Should you compare the Use of Funds total for 2006 above, with the Expenditure total in the 2006 Auditor's Report, you will see the above figure is $45,000 more. This is because the $15,000 contribution to the Recovery Fund and the $30,000 set aside in the Operations Reserve Fund are included in the total.

2006 Actual -Finance Notes- 2007 Budget

Source of Funds

1. **Licensing Fees** – All revenue related to licensing came in significantly above budget due to higher numbers of new applicants and a higher retention rate of existing Industry Members. **Background Check Fees** – The Actual for 2006 came in over budget due to the higher number of new Industry Members. The 2007 budget provides for a more conservative number. The expenses related to checks for judgments has decreased significantly. **New Licence Fees** – These fees are unchanged for 2007. **Renewal Fees** - All renewal fees in the 2007 Budget are increased to $205 from the current $200.

2. **Branch Office Fees** - The increase is due mostly to the home office locations of Industry Members.

3. **Brokerage Audit Fees** – The fee for all brokerage size categories were raised $10 to cover the increased costs of travel and salaries related to audits.

4. **Exam Review Fees** – A small increase, $10, has been included in the 2007 Budget.

5. **Hearing Cost Recovery** – The 2006 Budget included the recovery of hearing costs from a hearing in 2005, but none of those costs were recovered in 2006.

6. **Interest - IBTA** – The 2006 Actual is well above Budget, due to increased interest rates. The 2007 Budget figure is conservative with the assumption the market has cooled and interest rates have stabilized.

7. **Interest Income – General** – The Commission set up a Treasury Account to hold short term funds, which allows for tighter management of short term money.

8. **Interest – Recovery Fund** – The investment climate improved in the latter part of 2006, which resulted in meeting the Budget. A conservative figure has been used for 2007.

9. **Reinstatement of Licence** – There were a much higher number of inter-brokerage transfers than budgeted for in 2006. The fee for this item in 2007 has been increased by $10.

10. **Recovery Fund - Grants to Education** - It was budgeted to take $25,000 from the Recovery Fund, but as income was higher than anticipated it was not necessary to do that.

2006 Actual -Finance Notes- 2007 Budget

Use of Funds

11. **AGM & Conference** – The 2007 Budget amount is lower as there is no sponsorship for the Atlantic Connection every second year.

12. **Computer Hardware and Software** - The 2006 Actual is lower as expenses that had been amortized previously were finished and most purchases in 2007 were amortized over the next several years.

13. **Conferences (Out of Province)** – This category in 2006 was over budget because two additional trips were approved during the year for the Registrar to go to the Competition Bureau meeting in Ottawa and the Agency Course focus group in Toronto. The remainder of the travel budget for 2007 is the same as 2006.

14. **Depreciation** – Up until now, the Commission did not budget for depreciation as there is no tax benefits related to it as the Commission is a not-for-profit. This year the depreciation is shown in the Actual and the 2007 Budget.

15. **Hearing Costs** – Most issues were settled through agreement, rather than going to hearings, so the expenses were lower than allowed for in the 2006 Budget.

16. **Legal** – The "Lawyers Trading In Real Estate issue" did not go to trial in 2006. The 2007 Budget is increased to allow for dealing with the lawyers trading issue, the Stale Trust Funds issue and the incorporation of salespeople.

17. **Miscellaneous** – This category is over budget because it includes all the expenses for the Forms Information sessions around the province, which was not in the budget.

18. **Provincial Reference Manuals** – This expense did not take place in 2006, due to publication delays. It has been moved to 2007 and increased slightly.

19. **Salaries** – The 2007 Budget figures are increased by Cost of Living allowance of 3%. More significant increases have been made as a result of a salary review, which adjusted the salaries to be more current and competitive. The review was completed as a result of cooperation with five other jurisdictions.

20. **Travel & Meetings – Commissioners & Committees** – Due to cancellation of some committee meetings and fewer Commissioners travelling long distances, expenses are below Budget.

21. **Website Maintenance** – The Actual is higher due to changes required to update information on the website. The increased 2007 Budget figure is to allow for functional updates to the website.

Election Procedures

Nova Scotia Real Estate Commission

Shown below is a summary of the voting procedures for the elections to be held at the AGM.

1. All persons licensed under the *Real Estate Trading Act* are entitled to vote either in person or by proxy.

2. Any person elected to serve as a Commissioner must be an Industry Member.

3. No corporation or partnership is eligible for election.

4. The only nominations to be considered for election are those listed in this *Notice of Meeting*.

5. Industry Members must return their ballots (their own plus those by proxy) to the registration desk if they leave at any time during the meeting.

6. The election shall be conducted by written ballot.

7. Ballots can indicate only one vote per nominee.

8. Ballots will be considered spoiled if the ballot indicates more than one vote or if it indicates more than one vote per nominee. It will also be considered spoiled if it does not clearly indicate for which nominee the vote is being cast.

9. A nominee will be declared elected if the nominee receives "50% plus one" of votes cast. For example, if there are 200 votes cast, the nominee must have 101 or more votes to be declared elected.

10. The person receiving the highest number of votes cast and declared elected, will be elected to a three year term.

11. Should a person not be elected after the first ballot, a second ballot will be held. The same procedure will be used in every ballot that follows until a person has been declared elected.

12. The nominee having the lowest number of votes will be dropped from the next ballot.

13. Any nominees having less than ten percent of the votes cast will be dropped from the next ballot.

14. The successful nominee will take office effective May 1, 2007 for a three year term.

Nomination for Election
to the
Nova Scotia Real Estate Commission

The following persons have met the requirements for nomination to the Nova Scotia Real Estate Commission and have agreed to let their names stand for election. A brief summary of their background and experience is provided on the following pages.

Nominee: Ernie Buote

Brokerage: Domus Realty **Location:** Halifax

Type of license: Associate Broker **Years Licensed:** 8

Primary type of real estate practiced: Residential

Degrees/Designations held: ABR, FRI Candidate (3 courses to complete)

Director/Executive experience in any organizations: Past Director of NSAR - 3 years (2003-2006), Past Director Phoenix Youth Programs - 4 years, Past Director (Affiliate) of Halifax-Dartmouth Real Estate Board 1992

Other Experience: Chair - Professional Standards Committee - NSAR 2004-2006, Committee Member - Conduct Review -NSAR 2006-2007, Committee Member - Standard Forms - NSAR 2003, participant in various NSAR Task Forces.

Nominee: Roger Burns

Brokerage: Roger Burns Real Estate Ltd. **Location:** Sydney

Type of license: Broker **Years Licensed:** 13

Primary type of real estate practiced: Residential / Commercial

Degrees/Designations held:

Director/Executive experience in any organizations: Past Alternate Director of the Cape Breton Region of NSAR; Former MLS Chairperson of Cape Breton Region; Former Education Chairperson for Cape Breton Region, Served as a Commissioner of the Nova Scotia Real Estate Commission from 2003 to 2006.

Other Experience:

-Nominee Information-

Nominee: Peter Fraser

Brokerage: RE/MAX Newstyle **Location:** New Glasgow

Type of license: Salesperson **Years Licensed:** 2

Primary type of real estate practiced: Residential / Commercial

Degrees/Designations held: Commissioner of Supreme Court

Director/Executive experience in any organizations: Director of three city committees, Board of Trustees for local United Church

Other Experience: 25 years management in Banking Business, four years sales management - XEROX Canada

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Nominee: Lynn Hoffmann

Brokerage: Century 21 Annapolis Valley Realty **Location:** Kentville

Type of license: Salesperson **Years Licensed:** 23

Primary type of real estate practiced: Residential

Degrees/Designations held: B.A., M.A.

Director/Executive experience in any organizations: Past President - Annapolis Valley Real Estate Board, Past President - Nova Scotia Real Estate Association, Co-Chair - Co-Regulation Steeering Committee, Past Vice Chair - Nova Scotia Real Estate Commission, Past Chair - Licensing Committee, Current Member of the Complaint Review Committee

Other Experience: President - Nova Scotia Chicken Producers Association, Chairman - Nova Scotia Chicken Marketing Board, Vice Chair - Canadian Chicken Marketing Agency, Director - Nova Scotia Fruit Growers Association

-Nominee Information-

Nominee: Albert Scott

Brokerage: Exit Realty Optimum

Location: Dartmouth

Type of license: Salesperson

Years Licensed: 1.5

Primary type of real estate practiced: Residential

Degrees/Designations held: 2yrs Business Administration Certificate from Compu College

Director/Executive experience in any organizations:

Other Experience: General Manager of S.T.S. Disposal for 12 years before getting into real estate, developed a steam sterilization plant as a safe alternative to incineration for potentially infectious waste coming from foreign countries

Commissioners Attendance Record

Nova Scotia Real Estate Commission

Shown below is the attendance record of the Commissioners serving on the Nova Scotia Real Estate Commission between January 1, 2005 and December 31, 2005. There were a total of six Commission meetings held. The information below shows how many meetings each of the Commissioners attended of those they were expected to attend.

	Meetings Attended	Held
Neil Black	6	(6)
Eldon Chaisson	6	(6)
Valerie Folk	4	(6)
Mary MacDonald	6	(6)
John MacKay	4	(4)
David Melvin	4	(4)
Howard Oakey	6	(6)
Charles Pace	6	(6)
Gus Wedderburn	6	(6)
Doug Dixon	6	(6)
Commercial Representative	(Appointed by the Commission - non-voting)	
John Walker	6	(6)

In addition to the Commission meetings, all the Commissioners participated in various committee work as shown at the beginning of this report.

Nova Scotia Real Estate Commission

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